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## Mexico

**Post:** Mexico

### Mexico Announces New National Sugarcane Plan

**Report Categories:**

National Plan

Sugar

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**Report Highlights:**

The Secretariat of Agriculture (SAGARPA) published in the *Diario Oficial* (Federal Register), on May 2, 2014 an announcement containing the National Program for the Sugarcane Agroindustry 2014-2018. This Program establishes the strategic plan (objectives, strategies and lines of action) for the industry.

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**Introduction:** This report summarizes an announcement by the Secretariat of Agriculture (SAGARPA) published in Mexico's "*Diario Oficial*" (Federal Register) on May 2, 2014, containing the National Program for the Sugarcane Agroindustry 2014-2018.

**Disclaimer:** This summary is based on a  *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**Title:** Decree that approves the National Program for the Sugarcane Agroindustry -2014/2018.

### **Executive Summary:**

On May 2, 2014, the Secretariat of Agriculture (SAGARPA), announced the National Program for the Sugarcane Agroindustry for 2014-2018 ([PRONAC](#)). The main objectives of the Program are: *1. Guarantee sugar supplies in the domestic market and promote orderly trade; 2. Increase the profitability and competitiveness of the sugarcane agroindustry; 3. Increase the productivity of the sugarcane agroindustry; 4. Improve the sustainability of the sugarcane agroindustry; 5. To promote research, development, innovation and technology transfer in the sector.* The strategies developed for these objectives are explained below in table I.

PRONAC is consistent with the strategy outlined in the 2013-2018 National Development Plan (NDP) announced on May 22, 2012. (See 2013 GAIN Report [MX3049](#) "*Mexico Announces New National Development Plan*"). PRONAC is also consistent with the strategic vision set out in the 2013-2018 Agricultural, Fisheries and Food Development Program announced on December 13, 2013, which aims for a food secure, productive, competitive, profitable, and sustainable agro-food sector. (See 2013 GAIN Report [MX 4006](#) "*Mexico Announces Ambitious New 6-year Agricultural Development Plan*"). The Program is expected to be the path the Mexican Government will follow over the course of the next six-year term (2013-2018) in order to improve performance in select agricultural sectors.

### **Important Dates**

- 1. Publication Date:** May 2, 2014.
- 2. Effective Date:** May 2, 2014.

### **Important Provisions of the Agricultural, Fisheries and Food Development Program**

The Program is divided as follows:

- I. **Diagnosis of the Sugarcane Agroindustry in Mexico**
- II. **Alignment of Domestic goals – Building a New Face of the Sugarcane Agroindustry.**
- III. **Objectives, Strategies and Lines of Action.**

According to the document, the sugar sector faces major challenges arising from growing world sugar supplies, strong competition from other sweeteners, and reduced sugar consumption based on perceived health concerns. Recognizing this situation, the government considers it urgent to develop a successful marketing policy, carry out consumer promotion, facilitate product diversification, improve competitiveness and productivity, and ensure sustainable production. The objective of PRONAC is to ensure the domestic sugar supply in a timely manner for all the consuming companies in the sugar chain. In Mexico, sugar is considered a commodity for the welfare of Mexicans, and also a fundamental condition for sovereignty and social and political stability.

The announcement outlines the following goals for the sugar sector:

1. Profitability and sustainability, sufficient high quality supplies for domestic consumption, international competitiveness, North American market integration, and compliance with the bioenergy component of the Law for the Promotion and Development of Bioenergy.
2. Consolidate production of sugarcane for MY 2017/18 to reach 64.4 million tons to ensure domestic sugar supply, maintain export participation, and sugarcane use diversification.
3. Achieve consolidation of sugar production to ensure national supply and participate effectively in regional and international markets.
4. Improve profitability, encourage investment and employment, give certainty to productive activity, access to finance, and supply diversification.

This program also draws elements of the specific strategy for the agricultural subsector established in the Agricultural, Fisheries and Food Development Program. This strategy has two objectives in the present administration which are very important:

- Increase production of grains and oilseeds.
- Ensure food security and reduce poverty in the countryside.

One of the production goals established to meet these strategic objectives is to produce 7 million tons of sugar in 2018, assuming the country has the capacity to diversify the sugar cane not being used by the sugar mills.

To achieve the established goals, the following objectives will be targeted:

- Enhance productivity in the food sector through investment in infrastructure, machinery, equipment, and technological innovation.
- Promote partnerships between smallholders to reach an optimal production scale.
- Modernization of agriculture through new programs
- Process sugarcane surplus to produce ethanol and liquid sugar.
- Increase credit and encourage the use and acceptance of crop insurance.

The following table shows the alignment of the PRONAC strategies with the Agricultural, Fisheries and Food Development Program.

**Table I. Mexico. PRONAC**

Objectives of PRONAC	Strategy of PRONAC	Strategy of the Agricultural Development Program aligned with PRONAC
1. Guarantee sugar supplies in the domestic market and promote orderly trade.	1.1 Generate and take advantage of information systems and control panel (dash board) for timely decision-making in the sweeteners market.	1.5 Promote a commercial policy focused on agro-business and adequate supply-demand balance planning to guarantee timely supply.
	1.2 Guarantee national sugar supplies meet, in an adequate and timely fashion, the consumption demand in accordance with growth projections.	
	1.3 Promote transparent trading mechanisms that provide certainty to the market.	
	1.4 Promote regulations according to international standards.	3.2 Strengthening sanitary, safety, and agro-food quality to protect the population's health and increase the competitiveness of the sector.
2. Increase the profitability and competitiveness of the sugarcane agroindustry.	2.1 Reduce costs of production	2.1 Promote the development of productive conglomerations and agro-parks which integrate small producers with integrating companies.
	2.2 Promote diversification of end uses for the agroindustry	4.5 Promote the use and development of bio-energy within the sector for sustainability.
	2.3. Promote consumption of sugar in the domestic market compared to other sweeteners.	1.5 Promote a commercial policy focused on agro-business and adequate supply-demand balance planning to guarantee timely supply
3. Increase the productivity of the sugarcane agroindustry.	3.1 Encourage actions that increase the productivity of sugarcane fields.	2.1 Promote the development of productive conglomerations and agro-parks which integrate small producers with integrating companies.
		4.1 Promote irrigation technology and optimize the use of water.
		4.2 Promote sustainable practices in agriculture, livestock, fisheries and aquaculture activities.
	3.2 Adopt good agricultural and manufacturing practices to increase productivity.	1.6 Promote competitiveness logistics to minimize post-harvest food losses during storage and transport.
	3.3 Promote access to adequate and timely funding.	1.4 Encourage timely and competitive financing.
	3.4 Encourage labor modernization of the sector.	2.2 Develop new models of agro-business that generate increased added-value within the productive chain.
	3.5 Improve safety and health conditions in the workplace.	
	3.6 Improve levels of welfare of collaborators of the agroindustry.	

4. Improve the sustainability of the sugarcane agroindustry.	4.1 Encourage sustainable practices and technologies in production processes.	4.2 Promote sustainable practices in agriculture, livestock, fisheries and aquaculture activities.
	4.2 Preserving the environment by optimizing the thermal energy and hydraulic balances, using the cane's own water.	4.1 Promote irrigation technology and optimize the use of water.
5. Promote research, development, innovation and technology transfer in the sector.	5.1 Establish priority lines of research related to the production processes of the agroindustry	1.1 Directing research and technological development to generate innovations applied to the Agro-food sector that increase productivity and competitiveness.

For additional information, consult part III of the above linked announcement.

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#### Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
<a href="#">MX 4032</a>	Sugar Annual	04/15/2014
<a href="#">MX 4006</a>	Mexico Announces Ambitious New 6-year Agricultural Development Plan	01/22/2014
<a href="#">MX 3049</a>	Mexico Announces New National Development Plan	06/21/2013
<a href="#">MX 3309</a>	Conditions of Proposed 2014 Value Added Tax in Mexico	10/17/2013
<a href="#">MX 3080</a>	Mexico Announces Sugar Cane Reference Price	11/05/2013

**FAS/Mexico Web Site:** We are available at [www.mexico-usda.com.mx](http://www.mexico-usda.com.mx) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

**Useful Mexican Web Sites:** Mexico's equivalent of the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx), the equivalent of the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx), and the equivalent of the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.gob.mx). These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

